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TRENDS IN THE FISCAL CONDITION OF CITIES: 1981–1983

A STUDY

PREPARED FOR THE USE OF THE

SUBCOMMITTEE ON ECONOMIC GOALS AND INTERGOVERNMENTAL POLICY

OF THE

JOINT ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES

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Congress of the United States
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[CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS]
Washington, D.C. 20510

November 14, 1983

The Honorable Roger W. Jepsen
Chairman
Joint Economic Committee
Congress of the United States
Washington, D.C. 20510

Dear Mr. Chairman:

I am pleased to transmit herewith a staff study entitled "Trends in the Fiscal Condition of Cities: 1981-1983," conducted with the Municipal Finance Officers Association.

The study could not have been completed without the cooperation of the city officials and their staffs who completed the survey, to whom the Committee is grateful.

The study was conducted by Deborah Matz of the Joint Economic Committee staff and John Peterson of the Government Finance Research Center of the Municipal Finance Officers Association. Extensive assistance in compiling, editing and analyzing the data was provided by Joseph Kelley and Joanne Field of the Municipal Finance Officers Association. The manuscript was typed by Pamela Reynolds and administrative assistance was provided by David Battey of the Committee staff.

Sincerely,

Lee H. Hamilton
Chairman
Subcommittee on Economic
Goals and Intergovernmental
Policy

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November 14, 1983

The Honorable Lee H. Hamilton
Chairman
Subcommittee on Economic Goals
and Intergovernmental Policy
Congress of the United States
Washington, D.C.

Dear Mr. Chairman:

Transmitted herewith is a staff study entitled "Trends in the Fiscal Condition of Cities: 1980-1983". The Committee is grateful to Royce Crocker of the Congressional Research Service, Library of Congress, and to Cathy Gust and Charles Sprague of the Senate Computer Center for their valuable assistance.

Views expressed in this report are the authors' and do not necesssarily reflect the views of the Committee or its Members.

Sincerely,

James K. Galbraith
Deputy Director
Joint Economic Committee

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Trends in The Fiscal Condition of Cities: 1981-1983

By Deborah Matz* and John Petersen**

SUMMARY OF FINDINGS

The 1983 survey of the fiscal condition of cities demonstrates the direct and often significant effect of a severe national downturn on city economies. This year's survey found a continuing high proportion of cities with operating deficits. This is particularly serious for two reasons. First, for some cities the current budget stress marks another chapter in a prolonged saga of strained budgets, forcing a difficult choice between raising tax rates or cutting services in a depressed economy. In addition, for the first time, there is a large increase in the number and proportion of medium and large cities with operating deficits. In the past, the largest proportion of deficits was in the largest-city category. This is no longer the case.

It appears that the proportion of largest cities in distress has stabilized or even declined slightly. Many cities have adjusted by implementing tax rate increases and service cuts, while others have "turned around" by increasing their tax base. Smaller cities, perhaps because of

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** John Petersen, Director, Government Finance Research Center, Municipal Finance Officers Association.

their prior good fortune, were less prepared to adjust to the current fiscal environment. As the older, larger cities are learning to cope with greater stringencies, a new group of smaller cities may be entering an era of downward fiscal adjustment.

Intergovernmental aid has been making a generally declining contribution to city budgets. Federal aid for both operating and capital purposes has shrunk, and that trend, with few exceptions, will probably continue. States were unable in 1982 to do much about filling the gap because of their own widely-cited fiscal problems. Cities hope that state assistance in 1983 and beyond will increase. Even so, cities are becoming increasingly reliant on their own revenue systems to finance expenditures.

The survey this year discovered that many cities raised effective rates in 1982 on the major nonproperty taxes (personal income, sales taxes) but allowed those on real property and business activity to decline. Thus, some shifting of emphasis from property and business activity to consumption and income-based activity as bases for local taxation occurred. The projections for 1983 indicate a continuation of this shift, but with only minor increases in sales and income tax rates. Evidently, cities are planning to hold the line on tax rates, where possible, and to rely on increased economic activity to finance any growth in services. The tax picture has been complicated by recent statutory and constitutional restraints that have rolled back, or otherwise curbed, the growth of real and personal property taxes in some states.

The major fiscal chore at the city level is akin to that at the Federal level: in most quarters, expenditures appear to have been held down or cutback as much as practicable. Now, the question becomes one of

fashioning productive, equitable, and efficient revenue systems for financing them.

Following are the major findings of the study:

1. Forty-three percent or 130 of the 299 respondents providing usable data on current revenues and expenditures reported operating deficits in 1982. This is anticipated to increase to 64 percent or 192 cities in 1983.

2. The largest proportion of cities experiencing operating deficits is in the medium cities category (population 50,000 to 99,999). Forty-seven percent of these cities reported operating deficits in 1982. In addition, the largest increases in cities experiencing operating deficits occurred in the medium and large cities with increases of 36 percent and 35 percent respectively.

3. In 1982, the increase in expenditures for all cities (8.0 percent) exceeded the average increase in current revenues (6.3 percent), as well as the rate of inflation in prices that states and localities pay (7.1 percent).

4. State aid, which grew rapidly in 1981 according to last year's report, increased only slightly in 1982 -- by 2.0 percent overall. However, for 1983, State aid is expected to rise by an average of 7.4 percent, one of the fastest growing revenue sources.

5. For three of the four city categories, "other local taxes" represents the fastest growing revenue component -- 12.7 percent in the small cities, 12.7 percent in the medium cities and 14.3 percent in the largest cities. For the largest cities, in

particular, all own-source revenues (property tax, other local taxes, user charges and fees and miscellaneous) were up sharply, offsetting the steep reductions in Federal aid that occurred in 1982.

6. For all cities, Federal aid for operating purposes declined by 10.3 percent in 1982. For 1983, the small and largest cities are anticipating still further reductions in Federal aid. The Federal share of total current revenues fell from 8.3 percent to 7.0 percent in 1982 and it is anticipated to decline further to 6.5 percent in 1983. Overall, cities are becoming more dependent on their own revenue sources as the share of intergovernmental assistance continues to decline.

7. Cities saw some increase in their capital spending for general government purposes (up 7 percent in 1982). However, capital spending for enterprise purposes declined, a trend that is expected to continue through 1983. Federal aid cutbacks appear to be a major factor in the reduced spending.

8. City enterprises experienced some tightening in their net revenues as revenues failed to grow as quickly as expenditures in 1982. Results generally are anticipated to be the same in 1983, with operating ratios (ratio of operating expenditures to revenues) rising again, especially in the larger cities.

9. City use of borrowing continues to slow down, generally, with a shifting to the revenue-secured obligation. While 1982 saw some recovery in the growth of debt outstanding following the exceptionally high-interest rate markets of 1981, the year 1983 should show little growth in debt outstanding, except for the

enterprise activities of the largest cities. This lack of borrowing demand reflects a continued dampening of capital spending, particularly by city enterprises.

10. Changes in city tax systems have been mixed. Generally, property tax levies have not kept pace with the growth in the market value of real property, thus leading to a reduction in the effective property tax rate. In 1982, the average effective property tax rate dropped by 2 percent, and a similar drop is foreseen for 1983. On the other hand, two major nonproperty taxes -- sales and income taxes -- have seen rate increases, and are growing in relative importance as local revenue sources. State-imposed caps and rollbacks in the property tax area have complicated the picture, but it appears that cities are seeking to diversify their revenue systems. Except for the income tax, however, it appears cities have done little in the way of raising effective tax rates.

11. Overall employment in cities declined in 1982 and is anticipated to stabilize in 1983. Declines in city workforce occurred in part-time and seasonal workers. The decline averaged 8.1 percent in 1982 for all cities. The full-time permanent workforces of the medium and large cities declined (by 1.6 percent and 1.5 percent respectively) while the small and larger cities registered a slight net increase (0.6 percent and 0.7 percent respectively).

12. For all cities except the largest cities, the social services workforce declined more than any other. Public safety workforces, however, increased for each size category (by 1.4 percent on average in 1982).

13. Cities with unemployment rates over 12.5 percent were the only cities forced to reduce their full-time permanent workforce in 1982. The bulk of the cuts were in the social services workforces (-8.1 percent). In these cities, one out of every five part-time and seasonal positions was eliminated. For 1983, all but the lowest unemployment cities (less 7.5 percent) are anticipating reductions in both full-time permanent and part-time and seasonal staffs.

METHODOLOGY

Cities -- like other governments -- typically keep their books and finance their activities through a series of funds. Because of this, it is frequently difficult to get a comprehensive picture of their financial activities unless special pains are taken to recognize the accounting and programmatic distinctions among groups of funds. The survey attempted to simplify some of these difficulties by asking cities to consolidate their finances into two major groups: first, "general government" activities that are typically supported by general revenues (primarily taxes) and second, "enterprise" activities that are run largely on a self-supporting basis through the user charges and fees for certain goods and services. Within the general government accounting structure, capital outlays and debt transactions are frequently funded separately, often through dedicated receipts.

To develop estimates of overall financial operations and conditions, certain simplifications and consolidations were necessary. These were largely left to the respondents to perform, relying on a set of careful definitions to guide their judgments as to the most appropriate categorization and compilation (see Appendix II). Therefore, the individual financial items in the survey may not be directly comparable to figures reported elsewhere regarding city finances, including the cities' own financial reports.

This survey was mailed to 559 cities with populations of 10,000 or more. Of the 321 respondents, approximately 300 provided data that were usable for all three years covered by various parts of the questionnaire. Throughout this report, the data are summarized according to city size and

are presented on a per capita basis, where feasible, to enhance comparability.

Survey Sample and Responses

City Size	Surveyed	Responded
SMALL (10,000-49,999)	288	140
MEDIUM (50,000-99,999)	124	67
LARGE (100,000-249,999)	92	69
LARGEST (250,000 and over)	55	45
TOTAL	559	321

A list of the respondents is found in Appendix I. All data have been compiled in accordance with the fiscal year of the reporting jurisdiction. Throughout, all references are to fiscal years. Because the survey was mailed in the Fall, 1982, and some cities have fiscal years which end with the calendar year, 1982 "actual" data may, in some instances, represent estimates. In all cases, 1983 data represent budgeted and anticipated outlays. All per capita amounts in this report are based on 1980 population data. Data for "all cities" have been calculated as the simple unweighted average of per capita amounts for responding cities.

All references to the rate of inflation are based on the average implicit GNP price deflator for the state and local sector. Between

calendar years 1981 and 1982 the rate of growth in the deflator was 7.1 percent. Judging by trends through the second quarter of 1983, it appears the change between 1982 and 1983 will be approximately 4.5 percent.

All unemployment classifications of cities are based on the annual average unemployment rate for SMSA's for 1982.

GENERAL GOVERNMENT OPERATING REVENUES AND EXPENDITURES

The first set of survey questions were designed to generate a combined statement of each city's general government current operating receipts and current expenditures. Normally, most general government expenditures and receipts will be accounted for in the city's general fund. However, because of different accounting structures and service responsibilities, general government activities may be accounted for in a variety of other funds. Therefore, governments were asked to combine and report expenditures from all city funds except enterprise (or special utility) funds, intergovernmental service funds, and those trust funds for which the city acts only as a fiduciary. The questionnaire also asked for a breakdown of current receipts by major types of taxes and other current revenues from own sources, and those state and federal grants used for current operating purposes (as opposed to capital outlays). The result was a complete listing of revenues used to finance current city expenditures (as opposed to capital outlays).

In addition to current expenditures, cities were asked to report their outlays for debt service. Although the repayment of principal in yearly debt service does not constitute a current operating expenditure, as a practical matter, such payments usually are made out of current revenues. Since these contractual commitments are not postponable, they constitute an ongoing drain on current revenues, as do most current operating costs.

Table 1 presents, by city-size category, the average per capita amounts and rates of change in current revenues for the interval 1981 (actual)

TABLE 1

CURRENT REVENUES AND CURRENT EXPENDITURES
PER CAPITA
BY CITY SIZE

	1981 (Actual)	1982 (Actual)	1983a	% Change 1981-1982	% Change 1982-1983
Small Cities (n=128)					
a. Revenues	$312.77	$335.91	$341.22	7.4%	1.6%
b. Expenditures	$302.32	$326.22	$352.88	7.9%	8.2%
Medium Cities (n=64)					
a. Revenues	$359.84	$380.58	$395.94	5.8%	4.0%
b. Expenditures	$342.80	$375.13	$402.87	9.4%	7.4%
Large Cities (n=68)					
a. Revenues	$371.31	$390.33	$410.39	5.1%	5.1%
b. Expenditures	$354.91	$385.89	$427.55	8.7%	10.8%
Largest Cities (n=43)					
a. Revenues	$536.28	$569.01	$597.06	6.1%	4.9%
b. Expenditures	$525.82	$558.56	$607.98	6.2%	8.8%
ALL CITIES (n=303)					
a. Revenues	$367.57	$390.64	$404.61	6.3%	3.6%
b. Expenditures	$354.39	$382.91	$416.40	8.0%	8.7%

1983a = budgeted or anticipated amounts for Fiscal Year 1983

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through 1983 (anticipated). For each group of cities, expenditures grew faster than revenues in 1982, a result expected to be repeated in 1983.

With the exception of small cities, the increase in current revenues between 1981 and 1982 lagged the rate of inflation. Overall, the revenue increase fell short of the inflation rate by 0.8 percent (see Table 1). Expenditures for all size categories except the largest cities exceeded both the inflation rate and the rates of revenue increase.

For 1983, all categories of cities are anticipating that expenditure growth will significantly outpace the increase in revenues. For all cities, the average increase in revenues is expected to be 3.6 percent, while expenditures are anticipated to rise by 8.7 percent -- almost double the projected 4.5 percent rate of inflation. Thus, cities foresee revenues paralleling the slowdown in the rate of inflation, but outlays continuing to press ahead at even faster rates of growth.

Current Surpluses and Deficits

Table 2 classifies cities by current surpluses or current deficits on a per capita basis. The surplus or deficit was determined by subtracting current outlays from current revenue. (As noted, current outlays include long-term debt retirement.) Between 1981 and 1982 the number of cities in deficit increased by 16, from 114 to 130. Thus, 43 percent of the respondents reported current deficits in 1982 as compared to 38 percent a year earlier. In each size category, the deficit in proportion to expenditures increased while, with the exception of the small cities, the ratio of the surplus to expenditures declined.

TABLE 2
ACTUAL AND ANTICIPATED
CURRENT SURPLUS AND DEFICIT
BY CITY SIZE
($ PER CAPITA)

	1981 Budgeted	1981 Actual	1982 Budgeted	1982 Actual	1983 Budgeted
Small Cities: (n=124)					
a. Avg. Surplus or Deficit Per Capita	-$7.96	$10.45	-$13.81	$ 9.70	-$10.82
b. No. Cities in Surplus	43	71	46	70	44
c. Surplus/Expenditures	11.71%	12.17%	10.53%	15.18%	9.76%
d. No. Cities in Deficit	81	53	78	54	80
e. Deficit/Expenditures	-11.09%	-8.20%	-12.05%	-10.14%	-10.59%
Medium Cities (n=64)					
a. Avg. Surplus or Deficit Per Capita	-$ 3.01	$17.04	-$11.45	$ 5.45	-$ 6.93
b. No. Cities in Surplus	24	42	26	34	26
c. Surplus/Expenditures	16.16%	16.92%	13.02%	15.43%	13.35%
d. No Cities in Deficit	40	22	38	30	38
e. Deficit/Expenditures	-7.92%	-7.13%	-9.84%	-7.50%	-8.51%
Large Cities (n=68)					
a. Avg. Surplus or Deficit Per Capita	-$10.50	$16.40	-$14.41	$ 4.45	-$17.16
b. No. Cities in Surplus	27	48	25	41	20
c. Surplus/Expenditures	9.21%	10.00%	8.33%	8.18%	10.11%
d. No. Cities in Deficit	41	20	43	27	48
e. Deficit/Expenditures	-9.21%	-8.75%	-10.03%	-9.27%	-9.52%
Largest Cities (n=43)					
a. Avg. Surplus or Deficit Per Capita	-$ 5.30	$10.46	-$ 7.25	$10.44	-$10.92
b. No. Cities in Surplus	17	24	18	24	17
c. Surplus/Expenditures	5.72%	9.18%	5.61%	7.22%	5.39%
d. No. Cities in Deficit	26	19	25	19	26
e. Deficit/Expenditures	-5.57%	-5.00%	-6.73%	-5.06%	-6.65%
ALL CITIES (n=299)					
a. Avg. Surplus or Deficit Per Capita	-$ 7.09	$13.18	-$12.50	$ 7.73	-$11.44
b. No. Cities in Surplus	111	185	115	169	107
c. Surplus/Expenditures	11.15%	12.30%	9.84%	12.40%	10.01%
d. No. Cities in Deficit	188	114	184	130	192
e. Deficit/Expenditures	-9.24%	-7.56%	-10.4%	-8.61	-9.38%

The largest percentage increases in cities reporting deficits occurred in the medium and large categories, with increases of 36 percent and 35 percent, respectively. In 1982, 47 percent of medium cities and 40 percent of large cities experienced operating deficits. By contrast, several past surveys found the largest proportion of deficits in the largest city category, while the smallest proportion usually was found in the medium category. It is risky to draw trends from only one year's data, but these results may indicate that a new group of fiscally troubled cities is emerging.

The number of cities projecting deficits for 1983 is significantly higher than the number that were actually in deficit in 1982. This discrepancy also occurred in past surveys and most likely results from conservative city budgeting practices. According to Table 3, for each size category, actual current expenditures fell about 2 percent short of budgeted expenditures in both 1981 and 1982. Conversely, actual current revenues generally exceeded budgeted amounts by 3 to 4 percent.

Carry-over Balances

The existence of a short-fall between current revenues and outlays is not necessarily troublesome if cities can carry-over balances from previous revenues to fill the gap. Such carry-over balances provide a margin of safety if sudden shocks (revenue shortfalls or expenditure upsurges) are encountered. Although there is no hard and fast rule, budget officials often assert that unobligated carry-over balances should not fall below 5 percent of current outlays and should be relatively larger for smaller units of government.

TABLE 3

ACTUAL EXPENDITURES* AND RECEIPTS
AS A RATIO OF
THOSE BUDGETED FOR GENERAL GOVERNMENT
CURRENT OPERATING PURPOSES

City Size		Actual/Budgeted Current Expenditures 1981	Actual/Budgeted Current Expenditures 1982	Actual/Budgeted Current Revenues 1981	Actual/Budgeted Current Revenues 1982
Small Cities	(n=124)	0.979	0.965	1.050	1.043
Medium Cities	(n=64)	0.966	0.988	1.038	1.042
Large Cities	(n=68)	0.985	0.981	1.050	1.026
Largest Cities	(n=43)	0.970	0.980	1.006	1.012
ALL CITIES	(n=299)	0.977	0.975	1.041	1.035

*Excluding debt service.

The questionnaire asked respondents to indicate the carry-over balances available to support current spending for the coming fiscal year. The results showing carry-over balances both in per capita terms and as a percent of current outlays are shown in Table 4. (It should be noted that the reported carry-over balances in many cases may reflect obligated funds, and thus would not be generally available to meet current outlays.) For all cities, the average carry-over balance remained virtually unchanged between 1981 and 1982 as a percentage of current outlays (8.9 percent and 8.8 percent). For 1983 a decline to 7.5 percent is expected, with cities in all size categories either experiencing or projecting lower carry-over balances.

Changes in Current Revenues

Table 5 presents a more detailed breakdown of city current revenues by type. The property tax, other local taxes, user charges, and fees and miscellaneous revenues all constitute sources of revenues from the cities own resources (within its boundaries). State and Federal aid represents intergovernmental assistance used to finance current outlays.

According to Table 5, for each category of cities except small cities the growth in current revenues lagged behind the rate of inflation in 1982. In 1982, the medium size cities are again expecting revenues to rise less than inflation, while the small cities are projecting virtually no revenue growth.

For three of the four categories of cities, "other local taxes" represented the fastest growing revenue component in 1982 -- 12.7 percent for small cities, 12.7 percent for medium cities and 14.3 percent for largest cities. For the largest cities, in particular, all own-source

TABLE 4

GENERAL GOVERNMENT
CARRY-OVER BALANCES
PER CAPITA AND AS A PERCENT
OF CURRENT OUTLAYS 1/

City Size	1981	1982	1983a
Small Cities (n=128)	$31.31	$33.08	$32.07
	9.1%	9.0%	8.6%
Medium Cities (n=64)	$37.15	$40.85	$28.98
	10.8%	10.9%	7.2%
Large Cities (n=68)	$36.97	$36.54	$29.82
	10.4%	9.5%	7.0%
Largest Cities (n=43)	$44.64	$48.88	$44.31
	8.5%	8.8%	7.3%
ALL CITIES (n=303)	$35.70	$37.74	$32.65
	8.9%	8.8%	7.5%

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

1/ Includes current operating expenditures and debt service.

TABLE 5

CURRENT GENERAL REVENUES
IN PER CAPITA AMOUNTS AND
ANNUAL PERCENT CHANGE
BY CITY SIZE

	1981	1982	1983a	% Change 1981-1982	% Change 1982-1983a
Small Cities(n=128)					
Total					
Current Revenue	$312.77	$335.91	$341.22	7.4%	1.6%
1-Property tax	114.90	122.57	128.94	6.7	5.2
2-Other local taxes	70.59	79.53	82.30	12.7	3.5
3-User charges	21.08	21.41	21.79	1.6	1.8
4-Fees & misc.	52.26	57.88	54.04	10.7	-6.6
5-State aid*	38.15	38.45	40.32	-0.8	4.9
6-Federal aid*	15.79	16.08	13.83	1.9	-14.0
Medium Cities(n=64)					
Total					
Current Revenue	359.84	380.58	395.94	5.8	4.0
1-Property tax	133.99	139.74	145.23	4.3	3.9
2-Other local taxes	78.26	88.18	92.29	12.7	4.7
3-User charges	22.64	23.88	26.53	5.5	11.1
4-Fees & misc.	58.12	62.86	61.94	8.1	-1.5
5-State aid*	40.41	43.57	44.73	7.8	2.7
6-Federal aid*	26.42	22.36	25.22	-15.4	12.8
Large Cities(n=68)					
Total					
Current Revenue	371.31	390.33	410.39	5.1	5.1
1-Property tax	105.80	113.16	121.63	7.0	7.5
2-Other local taxes	96.08	105.27	112.73	9.6	7.1
3-User charges	20.85	23.21	24.93	11.3	7.4
4-Fees & misc.	54.11	54.60	50.43	0.9	-7.6
5-State aid*	62.64	65.28	71.44	4.2	9.4
6-Federal aid*	31.82	28.81	29.23	-9.5	1.5
Largest Cities(n=43)					
Total					
Current Revenue	536.28	569.01	597.06	6.1	4.9
1-Property tax	120.28	133.51	140.75	11.0	5.4
2-Other local taxes	140.11	160.16	172.35	14.3	7.6
3-User charges	33.53	37.13	40.47	10.8	9.0
4-Fees & misc.	82.01	92.73	94.69	13.1	2.1
5-State aid*	82.20	79.43	89.34	-3.4	12.5
6-Federal aid*	78.16	66.05	59.47	-15.5	-10.0
ALL CITIES(n=303)					
Total					
Current Revenue	367.57	390.64	404.61	6.3	3.6
1-Property tax	117.65	125.64	132.42	6.8	5.4
2-Other local taxes	87.80	98.58	104.02	12.3	5.5
3-User charges	23.12	24.57	26.15	6.2	6.4
4-Fees & misc.	58.14	63.14	60.67	8.6	-3.9
5-State aid*	50.37	51.37	55.19	2.0	7.4
6-Federal aid*	30.49	27.36	26.17	-10.3	-4.3

*For operating purposes only
1983a = budgeted or anticipated amounts for Fiscal Year 1983
Numbers may not sum to totals due to rounding.

revenues (property tax, other local taxes, user charges and fees and miscellaneous) were up sharply, partially offsetting steep reductions in Federal aid.

Fees and miscellaneous revenues grew vigorously in 1982, thanks in large part to substantial interest earnings on investments (which appear in this revenue category). By 1983, the importance of this source is expected to decline, largely because of lower interest earnings.

For all cities, Federal aid for operating purposes declined by an average of over $3 per capita, or 10.3 percent, in 1982. For 1983, the small and largest cities are anticipating still further reductions in Federal aid.

State aid, which grew rapidly in 1981 according to last year's report, increased slightly in 1982, by 2.0 percent, but declined for two categories -- -0.8 percent for the small cities and -3.4 percent for the largest. However, for 1983, state aid is expected to surge ahead and become the fastest growing category of current revenues. In all cities, state aid is expected to rise by an average of 7.4 percent.

Notwithstanding the need for increased revenues in 1982, the growth in property tax revenues exceeded the inflation rate in only one category -- the largest cities (11.0 percent). Despite property re-assessments and the implementation of 100 percent valuation laws in many states, these data reveal a slow-down in the growth of property tax revenues.

Changes in Composition of Current Revenues

Table 6 displays the percentage composition of city revenue sources. Property tax revenues remain the largest single source of city revenues, with their relative importance declining as city size increases. For all cities, property taxes as a proportion of current revenues increased slightly between 1981 and 1982 and are expected to increase slightly again in 1983.

Other local taxes increased by the largest proportion for all respondents, from 23.9 percent to 25.2 percent, followed by fees and miscellaneous which increased from 15.8 percent to 16.2 percent, while user charges remained a constant 6.3 percent for each year. All own-source revenues except fees and miscellaneous are expected to increase in relative importance in 1983.

Following a trend that appeared in previous surveys, Federal aid declined significantly as a proportion of city budgets in 1982 and is projected to decline again in 1983. In a turnaround from last year's report, the share of state aid as a proportion of city budgets, also declined in 1982 but is expected to increase once again in 1983. Overall, the dependence on intergovernmental revenues is expected to decline to 20 percent in 1983, down from 23% in 1981. City tax rates and collections are discussed in more detail in a subsequent section of this report.

TABLE 6

PERCENT COMPOSITION OF CURRENT REVENUES
BY CITY SIZE

	1981 (% of Total)	1982 (% of Total)	1983a (% of Total)
Small Cities(n=128)			
Total			
Current Revenue	100.0	100.0	100.0
1-Property tax	36.7	36.5	37.8
2-Other local taxes	22.6	23.7	24.1
3-User charges	6.7	6.4	6.4
4-Fees & misc.	16.7	17.2	15.8
5-State aid	12.2	11.4	11.8
6-Federal aid	5.0	4.8	4.1
Medium Cities(n=64)			
Total			
Current Revenue	100.0	100.0	100.0
1-Property tax	37.2	36.7	36.7
2-Other local taxes	21.7	23.2	23.3
3-User charges	6.3	6.3	6.7
4-Fees & misc.	16.2	16.5	15.6
5-State aid	11.2	11.4	11.3
6-Federal aid	7.3	5.9	6.4
Large Cities(n=68)			
Total			
Current Revenue	100.0	100.0	100.0
1-Property tax	28.5	29.0	29.6
2-Other local taxes	25.9	27.0	27.5
3-User charges	5.6	5.9	6.1
4-Fees & misc.	14.6	14.0	12.3
5-State aid	16.9	16.7	17.4
6-Federal aid	8.6	7.4	7.1
Largest Cities(n=43)			
Total			
Current Revenue	100.0	100.0	100.0
1-Property tax	22.4	23.5	23.6
2-Other local taxes	26.1	28.1	28.9
3-User charges	6.3	6.5	6.8
4-Fees & misc.	15.3	16.3	15.9
5-State aid	15.3	14.0	15.0
6-Federal aid	14.6	11.6	10.0
ALL CITIES(n=303)			
Total			
Current Revenue	100.0	100.0	100.0
1-Property tax	32.0	32.2	32.7
2-Other local taxes	23.9	25.2	25.7
3-User charges	6.3	6.3	6.5
4-Fees & misc.	15.8	16.2	15.0
5-State aid	13.7	13.1	13.6
6-Federal aid	8.3	7.0	6.5

1983a = budgeted or anticipated amounts for Fiscal Year 1983
Numbers may not sum to totals due to rounding.

CAPITAL OUTLAYS AND FINANCING

The survey also sought to determine recent trends in city capital outlays and how they are being financed. As in the case of operating expenditures, the distinction was made between general government capital expenditures and those on behalf of city utility enterprise activities. This section discusses only those city capital expenditures associated with general government activities.

According to Table 7 capital expenditures increased between 1981 and 1982, and it is anticipated that they will grow sharply in 1983. For all cities, the average increase was 7.2 percent between 1981 and 1982, with only small cities registering a decrease. For Fiscal Year 1983, cities of all size categories are projecting substantial increases in capital outlays, with a major upswing foreseen by the smallest cities.

Previous surveys indicated that cities typically see their actual capital spending fall far below their budgeted amounts. Thus, the 1983 projections need to be heavily discounted. As shown in Table 8, actual spending in 1981 was, on average, only 68 percent of that planned. By the same token, funds available for capital purposes were only 80 percent of those budgeted. For 1982, the short-falls were not as great, with actual expenditures and funds available rising to 73 and 91 percent, respectively, of the budgeted amounts. Such "undershooting" of the budgeted amounts may stem from several factors, including delayed receipt of grants or borrowed funds, construction delays, tendencies to overestimate the rate of takedown of funds, and perhaps a conscious budget policy of using the capital expenditure amounts as a cushion for additional liquidity. Capital expenditures have often been used as a buffer whereby short-falls in

TABLE 7

GENERAL GOVERNMENT CAPITAL EXPENDITURES
PER CAPITA
BY CITY SIZE

City Size		1980	1981	1983a	% Change 1981-1982	% Change 1982-1983a
Small Cities	(n=111)	$43.27	$41.79	$66.18	-3.4%	58.4%
Medium Cities	(n=59)	46.42	59.96	75.15	29.2	25.3
Large Cities	(n=62)	62.69	64.28	84.15	2.5	30.9
Largest Cities	(n=34)	67.74	75.13	103.13	10.9	37.3
ALL CITIES	(n=266)	51.62	55.32	77.08	7.2	39.3

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

TABLE 8

RATIO OF ACTUAL TO BUDGETED GENERAL GOVERNMENT CAPITAL EXPENDITURES, 1980-1981

City Size		Actual/Budgeted Capital Expenditures 1981	1982	Actual/Budgeted Capital Funds 1981	1982
Small Cities	(n=111)	.713	.758	.810	1.011
Medium Cities	(n=59)	.612	.758	.728	.844
Large Cities	(n=62)	.699	.757	.869	1.009
Largest Cities	(n=34)	.646	.625	.738	.688
ALL CITIES	(n=266)	.674	.727	.800	.911

Note: Per capita mean actual value divided by per capita mean budget value.

revenues or unforeseen current expenditures are financed by deferring capital outlays.

If the cities in 1983 achieve 73 percent of their planned capital outlays (as occurred in 1982) then actual capital outlays would be approximately $56 per capita instead of the $77 as projected. In view of the continuing negative trends in state and local construction spending, this appears to be a likely outcome for city capital spending. Below, we will review the patterns in enterprise capital outlays.

Sources of Capital Expenditure Funds

There are three major ways cities finance capital expenditures: current revenues, intergovernmental grants, and borrowing. However, tracing the precise mechanisms of financing long-term expenditures can become complex. Payments on major capital projects often extend over a long period of time and generally come from a mix of sources. Their financing presents special opportunities for temporary or interim financing arrangements to take place before the final or definitive method of paying for them is employed.

On the other hand, many capital outlays for equipment and minor facilities are relatively small and recurring, and are typically financed out of current receipts or accumulated reserves. The variety of sources of funds creates special problems for determining how long-lived improvements are financed in any one time period.

Through the years, major capital outlays of city governments, usually involving substantial construction costs, have been financed by long-term borrowing. A traditional rule of thumb used to be that 50 percent of the dollar value of major capital outlays was financed by borrowing. During

the 1970's, intergovernmental grants -- especially those from the Federal Government -- came to occupy a major role in capital financing. Analyses in previous surveys have indicated, however, that as Federal aid receded, own-source revenues and borrowing will become increasingly important sources of funds for capital spending.

Table 9 provides the percentage composition of financing for city capital outlays for 1981, 1982 and 1983, as reported by the survey, including borrowing (long- and short-term), intergovernmental payments (State and Federal), current revenues, and reserves of previous revenues (carry-over balances). As may be seen in the table, long-term borrowing has been decreasing relatively as a source of funds, although the 1981 and 1982 figures probably represent a shifting to the short-term market in the presence of disruptive long-term bond market conditions. Except for the largest cities, it appears all localities foresee a diminished role for long-term borrowing in fiscal year 1983.

As in the case of operating expenditures, reliance on Federal aid for capital purposes has been decreasing, on average. There appears to be some resurgence in Federal aid contemplated by the small and large cities for 1983. State aid for capital purposes is evidently on the increase, perhaps in response to the diminished Federal aid.

Current revenues and reserves from previous revenues are of considerable and growing importance in financing capital outlays. Smaller cities rely on these sources for 50 percent of their capital spending funds, as compared to 40 percent for the large and largest cities. The latter appear to be more reliant on borrowing and Federal aid.

TABLE 9

GENERAL GOVERNMENT
CAPITAL OUTLAY FINANCING
PERCENT COMPOSITION
BY CITY SIZE

	1981	1982	1983a
Small Cities (n=111)			
1) Short-term Borrowing	6.3%	12.0%	3.1%
2) Long-term Debt Proceeds	20.2	18.8	16.9
3) State Aid (Capital Purposes)	5.2	6.0	10.8
4) Federal Aid (Capital Purposes)	17.4	10.4	19.2
5) Current Revenues	40.1	36.8	28.2
6) Reserve of Previous Revenues	10.9	15.9	21.8
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
Medium Cities (n=59)			
1) Short-term Borrowing	10.1	8.0	6.8
2) Long-term Debt Proceeds	12.6	29.1	23.2
3) State Aid (Capital Purposes)	7.0	6.1	6.1
4) Federal Aid (Capital Purposes)	26.1	21.4	18.6
5) Current Revenues	30.6	26.1	25.6
6) Reserve of Previous Revenues	13.6	9.3	19.7
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
Large Cities (n=62)			
1) Short-term Borrowing	6.2	3.6	6.0
2) Long-term Debt Proceeds	39.9	25.1	19.1
3) State Aid (Capital Purposes)	10.1	17.4	17.6
4) Federal Aid (Capital Purposes)	13.1	15.8	16.7
5) Current Revenues	17.0	18.3	20.3
6) Reserve of Previous Revenues	13.6	19.9	20.3
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
Largest Cities (n=36)			
1) Short-term Borrowing	3.4	5.4	0.2
2) Long-term Debt Proceeds	29.1	24.8	34.4
3) State Aid (Capital Purposes)	7.2	6.6	8.8
4) Federal Aid (Capital Purposes)	32.6	32.3	25.8
5) Current Revenues	18.5	18.2	18.9
6) Reserve of Previous Revenues	9.2	12.7	12.1
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
ALL CITIES (n=268)			
1) Short-term Borrowing	6.6	8.0	4.1
2) Long-term Debt Proceeds	26.7	23.5	21.5
3) State Aid (Capital Purposes)	7.5	9.1	11.0
4) Federal Aid (Capital Purposes)	19.7	17.1	19.5
5) Current Revenues	27.4	27.1	24.4
6) Reserve of Previous Revenues	12.1	15.1	19.5
TOTAL CAPITAL FUNDS	100.0	100.0	100.0

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

NOTE: Categories may not sum to totals due to rounding.

The sources of capital funds have not shown any dramatic shifts, either over time or among cities in the survey: borrowing (long- and short-term) supplies 30 percent of the funds, intergovernmental aid approximately 30 percent, and current revenues and reserves the remaining 40 percent, on average, for the responding cities. However, judging by the 1983 forecasts, there may be a mild trend toward greater use of current revenues and reserves from previous revenues, offsetting a reduced use of borrowing.

ENTERPRISE FUND FINANCES

The survey contained questions designed to determine recent trends in city enterprise fund activities. Enterprise activities, as defined in the survey, are those government functions that are generally self-supporting through user charges (as opposed to general government revenues), are operated by the city, and are accounted for in separate enterprise or special utility funds. In addition to revenues from operations, enterprises may receive state and Federal assistance and revenues from other sources (such as transfers from the general fund). City enterprise functions commonly include water and sewer (when funded by user charges), electricity, gas, airports, parking lots, and local transit. This section discusses city enterprise receipts and outlays for both operating and capital activities.

Table 10 gives the average per capita enterprise receipts and outlays for the 233 cities reporting such activities. Total receipts, include proceeds from borrowing, grew by 14.6 percent between 1981 and 1982, with a strong growth in current operating revenues (13.6 percent) and borrowing (45.7 percent) offsetting declines in Federal aid (down 20 percent). Meanwhile, total outlays (excluding depreciation) grew even more rapidly, going up by over 15 percent. Cities anticipate that 1983 will see total enterprise outlays growing more rapidly than revenues, and the gap between the two closing rapidly. Both borrowing and Federal aid are expected to drop off sharply.

In addition to total receipts and outlays, it is useful to look at the operating receipts and expenses of city enterprises. As noted, enterprises receive revenues from a variety of sources, including user charges, grants

TABLE 10

ENTERPRISE FUND
TOTAL RECEIPTS AND OUTLAYS PER CAPITA
ALL CITIES (n=245)

	1981	1982	1983a	% Change 1981-1982	% Change 1982-1983a
Revenues and Receipts					
1-Operating Revenues	$178.67	$203.03	$230.88	13.6%	13.7%
2-State Aid	2.00	3.02	4.60	50.7	52.4
3-Federal Aid	15.02	12.06	8.73	-19.7	-27.6
4-Other Revenues	17.01	18.59	18.12	9.3	-2.5
5-Borrowing Proceeds	22.58	32.89	17.56	45.7	-46.6
TOTAL	235.28	269.59	279.89	14.6	3.8
Expenditures & Payments 1/					
1-Operating Expenses	$149.12	$171.69	$195.84	15.1%	14.1%
2-Interest Expense	13.13	15.33	18.99	18.2	22.3
3-Capital Expense	67.21	63.36	60.84	-5.7	-4.0
4-Debt Repayment	14.81	24.30	11.95	64.1	-50.8
TOTAL	229.47	250.58	275.67	9.2	10.0

1983a = budgeted or anticipated amounts for fiscal year 1983.

1/ Does not include depreciation expenses (if taken), which amounted to $16.88, $18.20, and $16.36 for the three years, respectively.

from States and the Federal government, and other miscellaneous receipts. Furthermore, most major capital spending by enterprises is financed by long-term borrowing or grants in aid. Because these enterprise entities usually conduct activities on a self-supporting basis, particular attention should be given to operating revenues derived from the performance of services in relationship to recurring expenses needed to pay for day-to-day operations. Thus, the questionnaire was designed to provide a net current operating revenue figure for city enterprises. Changes in net operating revenues are a good indication of how well current charges for services are keeping pace with the current expenditures incurred in providing them.

Table 11 gives the operating revenues, operating expenditures, and net revenues per capita for the cities in the survey. For all cities net revenues declined by an average 0.4 percent in 1982. Cities project a similar outcome in 1983. Operating revenues are projected to grow 13.7 percent and expenditures 14.5 percent, with particularly rapid growth of operating costs forecast for the small city category. As a result, cities on average are anticipating that net revenues will increase only slightly from the levels of 1982. The largest cities, however, foresee a sharp decline in net revenues.

The erosion in the overall current position of the enterprise funds is also illustrated by the upward trend of the enterprise fund operating ratio (enterprise operating expenditures divided by operating revenue -- see Table 12). The operating ratio increases because operating expenditures are increasing at a faster rate than operating revenues. As may be seen, operating ratios rose slightly in 1982, and are expected to do so again in 1983. The largest cities are expecting the ratio to increase to 0.99 in 1983. To the extent that the increase in expenses is greater than expected

TABLE 11

ENTERPRISE FUND OPERATING REVENUES, OPERATING EXPENSES AND NET OPERATING REVENUES PER CAPITA BY CITY SIZE

City Size	1981	1982	1983a	% Change 1981-1982	% Change 1982-1983a
Small Cities (n=95)					
Operating Revenues	$207.46	$233.00	$279.12	12.3%	19.8%
Operating Expenditures 1/	184.98	214.08	265.68	15.7	24.1
Net Revenues	22.48	18.92	13.44	-15.8	-29.0
Medium Cities (n=43)					
Operating Revenues	167.85	192.43	202.81	15.6	5.4
Operating Expenditures	154.22	177.91	193.23	15.4	8.6
Net Revenues	13.62	14.52	9.58	6.6	-34.0
Large Cities (n=58)					
Operating Revenues	141.42	162.66	190.84	15.0	17.3
Operating Expenditures	131.14	149.63	174.27	14.1	16.5
Net Revenues	10.28	13.03	16.57	26.7	27.2
Largest Cities (n=37)					
Operating Revenues	171.33	196.97	201.20	15.0	2.1
Operating Expenditures	158.95	184.34	199.32	16.0	8.1
Net Revenues	12.38	12.63	1.88	0.2	-85.1
ALL CITIES (n=233)					
Operating Revenues	178.67	203.03	230.88	13.6	13.7
Operating Expenditures	162.25	187.22	214.83	15.4	14.5
Net Revenues	16.42	15.81	16.05	-0.4	1.5

1983a = budgeted or anticipated amounts for Fiscal Year 1983.
1/ Includes interest payments.

TABLE 12

ENTERPRISE FUND OPERATING RATIOS
(OPERATING EXPENDITURES* DIVIDED
BY OPERATING REVENUE)
BY CITY SIZE

City Size		1981	1982	1983a
Small Cities	(n=95)	.89	.92	.95
Medium Cities	(n=43)	.92	.92	.95
Large Cities	(n=58)	.93	.92	.91
Largest Cities	(n=37)	.93	.94	.99
ALL CITIES	(n=233)	.91	.92	.93

*Operating expenditures include interest payments.
1983a = budgeted or anticipated amounts for Fiscal Year 1983.

in 1983 (or if the trend continues in future years), the largest city enterprise funds, on average, could be operating at a deficit. In such situations cities will need to raise charges, defer capital and maintenance outlays, or increase transfers from general funds (an increase in other revenues).

City enterprises are typically heavy users of capital funds and make substantial capital outlays. (In fact, the average city per capita outlay in 1982 for enterprise functions was $63, or $8 more than the $55 per capita in spending on general government capital purposes, reported above.) As may be seen in Table 13, there was a decrease in capital spending by enterprises in 1982 by all but medium-sized cities. Projected outlays for 1983 indicate a 4 percent reduction on average, attributable to the adverse trend in operating ratios, continuing reductions in Federal grants, and reductions in contemplated borrowings.

TABLE 13

ENTERPRISE CAPITAL OUTLAYS
PER CAPITA
BY CITY SIZE

City Size		1981	1982	1983a	% Change 1981-1982	% Change 1982-1983a
Small Cities	(n=95)	$77.79	$68.36	$55.51	-12.1%	-18.8%
Medium Cities	(n=43)	58.39	66.42	45.11	13.7	-32.1
Large Cities	(n=58)	49.33	47.77	69.72	-3.1	45.9
Largest Cities	(n=37)	77.41	69.87	82.47	-9.7	18.0
ALL CITIES	(n=233)	67.21	63.36	60.84	-5.7	-4.0

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

LONG-TERM BORROWING AND DEBT OUTSTANDING

Cities in the survey were asked to identify the amount of long-term debt outstanding by type of security and by whether it was incurred for general government or enterprise purposes. (Long-term debt is defined as that having an original maturity of one year or more.) Classifying city debt can be complex because of the different types of securities used for financing purposes. Although most general-purpose long-term debt consists of tax-supported general obligations, some limited-obligation "revenue bond" borrowing is also done for general government purposes. Likewise, some general obligation debt is reportedly sold for enterprise purposes, the revenues of which may or may not support repayment.

Table 14 provides per capita long-term indebtedness figures for general government and enterprise activities. Per capita average indebtedness for general government purposes increases with the size of the city. Enterprise debt, however, is not systematically related to size, but is of relatively greatest importance to small-city governments.

The trends in average per capita indebtedness shown in Table 14 reflect those seen in earlier reports: slow growth in general government indebtedness and more rapid growth in the enterprise category. In 1982, both enterprise and general government borrowing increased. The prospects for 1983 show only a slight increase in both forms of indebtedness, and a continued slowing-down of enterprise liabilities from the rapid growth of the late '70's and early '80's.

The relatively large increases in general government debt envisioned by the largest cities confirms their relatively greater reliance on borrowing to support capital outlays, reported above. By the same token, the slow

TABLE 14

LONG-TERM DEBT
OUTSTANDING AT END OF YEAR
($ Per Capita)

	1980	1981	1982	1983a	% Change 1980-81	% Change 1981-82	% Change 1982-83a
Small Cities							
General Gov(n=118)	179.80	180.92	189.25	191.26	0.6%	4.6%	1.0%
Enterprise(n=93)	284.62	304.81	340.02	340.53	7.1	11.6	0.2
Medium Cities							
General Gov(n=53)	208.99	213.86	220.53	214.56	2.3	3.1	-2.7
Enterprise(n=43)	259.92	266.76	272.94	275.89	2.6	2.3	1.1
Large Cities							
General Gov(n=62)	229.71	231.25	241.83	248.29	0.6	4.6	2.7
Enterprise(n=58)	252.75	257.09	271.77	284.65	1.7	5.7	4.7
Largest Cities							
General Gov(n=43)	308.62	326.96	353.53	376.41	5.9	8.1	6.5
Enterprise(n=37)	291.24	313.38	327.24	369.65	7.6	4.4	12.6
ALL CITIES							
General Gov(n=276)	216.69	221.30	235.66	237.37	2.1	6.5	0.7
Enterprise(n=233)	270.69	287.35	308.62	319.30	6.2	7.4	3.5

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

down in enterprise indebtedness in 1981 and 1982 in comparison with the double-digit growth in earlier years conforms with the reported drop-off in enterprise capital spending.

CITY TAX RATES AND COLLECTIONS

This year, the survey probed changes in city tax rates and collections. City revenue structures and the objects, methods, and terminology of taxation differ greatly among cities. Therefore, the questionnaire necessarily focused on general questions regarding tax rates and collections, which were designed to permit comparisons between the extent to which city tax revenues were changing as a result of changes in tax rates versus changes in the underlying tax base.

Respondents were asked two major sets of questions regarding tax rates and collections. First, respondent cities were asked, if they imposed a real property tax, to give the legal tax rate (as applied to assessed value), the amount of the levy, and the assessed and market value for property for the fiscal years 1981, 1982, and as anticipated for 1983. Second, respondents were asked to give the rate and collections for any locally-imposed income tax or sales tax or other major local taxes for the same period.

Table 15 reports the results for 263 cities responding to the question regarding real property taxes. It gives for each group of cities the average nominal (or legal) tax rate; the tax levy, assessed market values, and market values in per capita terms; and the levy as a percent of market value (effective property tax rate). The table reveals the turmoil occurring in the local property tax as cities are buffeted by the cross-currents of reassessments, legislated caps and curbs, and recent explosive increases in the market value of taxable property. Certain commonalities do appear, however. Except for the large city category, nominal tax rates have been falling for all categories of cities, while tax levies have been

TABLE 15

REAL PROPERTY TAX
RATES, LEVIES, AND PERCENT OF MARKET VALUE
BY CITY SIZE

	Nominal Tax Rate (Per 1000)	Tax Levy (Per Capita)	Assessed Value (Per Capita)	Market Value (Per Capita)	Levy as % of Market Value
Small Cities (n=113)					
1981	$17.99	$121	$ 9,610	$18,933	.69%
1982	13.87	133	14,307	21,339	.69
1983a	13.82	142	15,534	23,426	.65
Medium Cities (n=53)					
1981	$31.89	$163	$ 8,275	$19,258	1.03%
1982	28.10	172	11,849	21,998	.98
1983a	24.81	183	13,477	23,787	.99
Large Cities (n=57)					
1981	$17.75	$109	$ 9,328	$17,967	.73%
1982	16.47	115	12,334	20,332	.73
1983a	16.80	125	14,107	22,863	.73
Largest Cities (n=40)					
1981	$21.25	$203	$ 8,238	$15,347	.84%
1982	19.98	223	10,761	18,111	.81
1983a	19.95	235	12,433	20,743	.76
All Cities (n=263)					
1981	$21.25	$177	$ 8,535	$16,389	.79%
1982	18.23	193	11,359	19,053	.77
1983a	17.55	204	13,035	21,562	.75

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

increasing (from $177 in 1981 to $204 in 1983, on average). The explanation for levies increasing in the face of falling tax rates is found in the very rapid growth of the assessed values of real property which, in turn, is due to the growth of the market (or "fair-market") value of property and an increase in the ratio of assessed to market value. As a result of these volatile movements, the effective property rate has been slowly declining for most cities over the past three years.

Table 16 lists changes in key property tax variables. The rapid growth in assessed values (33.1 percent in 1982) is explained jointly by the rapid growth in market value (16.3 percent) and an increasing assessment ratio (14.5 percent increase). As a result, levies continued to go up despite a lowering of nominal tax rates (down by 14.2 percent in 1982). The rate of growth, nonetheless, in the tax levy did not keep pace with the underlying growth in market values, and the effective tax rate declined by 2 percent. Respondents foresee a much slower growth rate in assessed values in 1983 and another slight decline in property tax rates, both legal and effective.

Table 17 shows the rapid increase in assessment ratios in reporting cities, primarily attributable to changes in assessment practices, particularly in the states of California and Massachusetts. As part of the implementation of Proposition 13, California state law, effective with the 1982 fiscal year, mandated an increase in assessed value from 25 percent of market value to 100 percent of 1976 market value plus 2 percent per annum thereafter. This legislated "full value" figure will, over time, increasingly diverge from "true market" value. When a parcel is sold, a new market value based on the sales price is assigned. As a result, properties with the same market value can be assessed at significantly different rates, depending on the last time they changed hands. In

TABLE 16

REAL PROPERTY TAX: RATES OF CHANGE IN
RATES, LEVIES, ASSESSED VALUE AND MARKET VALUE
BY CITY SIZE

	Tax Rate	Tax Levy	Assessed Value	Market Value	Levy as % of Market Value
Small Cities (n=113)					
1981-82	-22.9%	10.2%	46.1%	12.7%	-0.7%
1982-83a	-0.4	6.8	10.7	9.8	-4.5
Medium Cities (n=53)					
1981-82	-11.9%	4.9%	43.2%	14.2%	-4.5%
1982-83a	-11.7	6.9	13.7	8.1	0.8
Large Cities (n=57)					
1981-82	-7.2%	5.8%	32.2%	13.2%	-0.7%
1982-83a	2.0	8.3	14.4	12.4	-0.5
Largest Cities (n=40)					
1981-82	-6.3%	9.7%	30.6%	18.0%	-3.6%
1982-83a	-2.2	5.5	15.5	14.5	-5.2
All Cities (n=263)					
1981-82	-14.2%	8.9%	33.1%	16.3%	-2.1%
1982-83a	-3.7	6.0	14.8	13.2	-2.4

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

TABLE 17

RATIO OF MARKET
TO ASSESSED VALUE OF REAL PROPERTY:
BY CITY SIZE

City Size		1981	1982	1983a
Small Cities	(n=113)	.508	.670	.663
Medium Cities	(n=53)	.430	.539	.567
Large Cities	(n=57)	.519	.607	.617
Largest Cities	(n=40)	.537	.594	.599
ALL CITIES	(n=263)	.521	.596	.605

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

Massachusetts, communities have been adjusting property assessments to full and fair cash valuation in response to the imposition of an absolute maximum levy limit of 2 1/2 percent of total property value. Similar alterations in assessed values have been occurring in other states.

Table 18 presents average tax data for all cities based on the second part of the question regarding tax rate changes. Between 1981 and 1982 an increase of 16.1 percent was reported in the average city income tax rate. Tax rates for business taxes (generally based on gross receipts) were reported down 3.9 percent. Other city taxes showed little change in rates. For 1983 the responding communities expected a 4.3 percent rise in the sales tax rate and a 21.1 percent decline in the personal property tax rate. Personal property taxes, where they exist, are often tied to the real property tax rate and automobiles are the major object of taxation. Proposition 2 1/2 in Massachusetts has had a particularly strong negative impact on personal property tax revenues from motor vehicles.

Although there was no change in tax rates on utility bills or hotel/motel bills between 1981 and 1982, collections increased substantially as the bases on which the tax is levied increased. A moderate rate of growth in collections is anticipated for 1983 with virtually no change in rate contemplated.

TABLE 18

AVERAGE RATES, LEVIES, AND COLLECTIONS
OF MAJOR CITY TAXES:
BY TYPE OF TAX

	1981	1982	1983a	% Change 1981-1982	% Change 1982-1983a
Real Property Tax (n=263)					
Rate (%)	0.79%	0.77%	0.75%	-14.2%	-3.7%
Levy (per cap.)	$177	$193	$204	8.9	6.0
Sales Tax (n=178)					
Rate (%)	1.37	1.39	1.45	1.5	4.3
Collections (per cap.)	95	105	114	10.7	8.0
Income Tax (n=29)					
Rate (%)	1.17	1.36	1.41	16.1	3.7
Collections (per cap.)	129	157	171	21.3	9.1
Personal Property (n=22)					
Rate (%)	3.90	3.93	3.10	0.6	-21.1
Collections (per cap.)	32	36	35	12.6	-2.6
Utility Tax (n=43)					
Rate (%)	6.44	6.44	6.41	0.0	-0.5
Collections (per cap.)	38	42	45	10.9	6.5
Business Tax (n=46)					
Rate (%)	4.06	3.90	3.80	-3.9	-2.7
Collections (per cap.)	53	59	59	11.8	0.0
Motel/Hotel (n=29)					
Rate (%)	5.03	5.03	5.03	0.0	0.0
Collections (per cap.)	11	13	14	14.9	3.8

1983a = budgeted or anticipated amounts for Fiscal Year 1983.

CHANGES IN WORKFORCE

The largest declines in city workforces occurred among part-time and seasonal workers (see Table 19). The decline averages 8.1 percent for all cities, and all city categories experienced declines. The full-time permanent workforces of the medium and large cities also declined (by 1.6 percent and 1.5 percent respectively), while the small and largest cities registered a net increase (0.6 percent and 0.7 percent respectively).

In all size categories except the largest cities, the social services workforce declined (see Table 20). This decrease in the social services workforce represented the largest workforce reduction.

Public safety workforces increased for each size category; the average increase for all cities was 1.4 percent. For 1983, all size cities are anticipating additional increases in the number of public safety employees. Only sanitation and environmental workforces are expected to decline for all cities.

According to Table 21, cities with the highest unemployment rates (over 12.5 percent) were the only ones forced to reduce its full-time permanent workforces. As indicated in Table 22, the bulk of the cuts were in the social services workforces (-8.1 percent). In addition, one out of every five of their part-time and seasonal positions was eliminated. For 1983, all but the lowest unemployment cities (less than 7.5 percent) are anticipating reductions in both full-time permanent and part-time and seasonal staffs.

City governments have frequently acted as cyclical stabilizers. However, in those cities with the highest unemployment rates, losses

TABLE 19

CHANGES IN WORKFORCE
BY CITY SIZE

	1981	1982	1983a	% Change 1981-1982	% Change 1982-1983
Small Cities (n=134)					
Full-Time Permanent	272	274	273	0.6	-0.2
Part-Time and Seasonal	45	45	44	-0.4	-1.9
Total Employees	317	319	317	.4	-0.4
Medium Cities (n=65)					
Full-Time Permanent	747	735	737	-1.6	0.2
Part-Time and Seasonal	107	98	95	-8.3	-3.7
Total Employees	854	833	832	-2.4	-0.2
Large Cities (n-69)					
Full-Time Permanent	1843	1816	1814	-1.5	-0.1
Part-Time and Seasonal	182	167	166	-8.4	-0.6
Total Employees	2025	1983	1980	-2.1	-0.1
Largest Cities (n=43)					
Full-Time Permanent	13926	14029	14073	0.7	0.3
Part-Time and Seasonal	860	781	747	-9.2	-4.4
Total Employees	13786	14810	14820	0.2	0.1
ALL CITIES (n=311)					
Full-Time Permanent	2608	2614	2620	0.3	0.2
Part-Time and Seasonal	201	185	179	-8.1	-3.3
Total Employees	2809	2799	2799	-0.4	0.0

1983a = budgeted or anticipated amounts for Fiscal Year 1983

TABLE 20

CHANGES IN WORKFORCE
BY FUNCTION
AND CITY SIZE

	1981 (Actual)	1982 (Actual)	1983a	1981-1982	1982-1983
Small Cities(n=134)					
1. Public Safety	94	95	96	1.7%	0.4%
2. Social Services	7	7	6	-3.2	-12.1
3. Transp.& Highways	27	27	27	-0.5	0.8
4. Sanit.& Environ	40	41	41	2.2	-0.5
Medium Cities(n=64)					
1. Public Safety	254	257	261	1.2%	1.6%
2. Social Services	39	37	35	-4.0	-4.5
3. Transp.& Highways	62	62	63	0.5	1.8
4. Sanit.& Environ	107	105	105	-1.1	-0.4
Large(n=68)					
1. Public Safety	591	595	603	0.7%	1.3%
2. Social Services	96	92	96	-3.7	4.4
3. Transp.& Highways	124	127	129	2.3	1.5
4. Sanit.& Environ	280	278	278	-0.7	0.0
Largest(n=43)					
1. Public Safety	3779	3837	3931	1.5%	2.4%
2. Social Services	2528	2538	2553	0.4	0.6
3. Transp.& Highways	775	773	771	-0.3	-0.2
4. Sanit.& Environ	1659	1696	1673	2.2	-1.4
ALL CITIES(n=311)					
1. Public Safety	754	764	780	1.4	2.1
2. Social Services	386	387	389	0.1	0.6
3. Transp.& Highways	160	161	161	0.2	0.3
4. Sanit.& Environ	334	339	335	1.4	-1.0

1983a = budgeted or anticipated amounts for Fiscal Year 1983

TABLE 21

CHANGES IN WORKFORCE BY
UNEMPLOYMENT RATE
CITIES OVER 50,000 POPULATION

Unemployment Rate	1981 (Actual)	1982 (Actual)	1983a	% Change 1981-1982	% Change 1982-1983
Less than 7.5% (n=72)					
1. Full-Time Permanent	2931	2944	3023	0.5%	2.7%
2. Part-Time and Seasonal	253	243	254	-3.7%	4.4%
Total	3184	3187	3277	0.1%	2.8%
7.5-9.9% (n=52)					
1. Full-Time Permanent	7989	7989	7932	0.0	-0.7%
2. Part-Time and Seasonal	513	439	399	-14.5%	-9.0%
Total	8502	8428	8331	-0.9%	-1.1%
10.0-12.5% (n=30)					
1. Full-Time Permanent	3260	3306	3284	1.4%	-0.7%
2. Part-Time and Seasonal	227	247	243	8.5%	-1.4%
Total	3487	3553	3527	1.9%	-0.7%
Over 12.5% (n=23)					
1. Full-Time Permanent	2188	2162	2155	-1.2%	-0.3%
2. Part-Time and Seasonal	210	165	147	-21.6%	-10.4%
Total	2398	2327	2302	-3.0%	-1.1%
ALL CITIES with population over 50,000 (n=177)					
1. Full-Time Permanent	4376	4396	4397	0.2%	0.2%
2. Part-Time and Seasonal	319	291	281	-8.9%	-3.5%
Total	4695	4677	4678	-0.4%	0.0

1983a = budgeted or anticipated amounts for Fiscal Year 1983

TABLE 22

CHANGES IN WORKFORCE
BY FUNCTION
AND UNEMPLOYMENT RATE

	1981 (Actual)	1982 (Actual)	1983a	1981-1982	1982-1983
Less than 7.5%(n=70)					
1. Public Safety	923	937	976	1.5%	4.2%
2. Social Services	244	241	247	-1.4	2.6
3. Transp.& Highways	183	186	185	1.8	-0.4
4. Sanit.& Environ	451	462	471	2.4	1.9
7.5%-9.9%(n=52)					
1. Public Safety	1778	1820	1853	2.4%	1.8%
2. Social Services	1714	1722	1731	0.5	0.5
3. Transp.& Highways	392	386	389	-1.3	0.6
4. Sanit.& Environ	782	798	778	2.0	-2.5
10.0%-12.5%(n=30)					
1. Public Safety	1423	1419	1431	-0.2	0.8
2. Social Services	323	325	322	0.7	-0.9
3. Transp.& Highways	277	282	281	1.7	-0.5
4. Sanit.& Environ	504	494	487	-2.1	1.4
Over 12.5%(n=23)					
1. Public Safety	834	831	832	-0.3	0.1
2. Social Services	76	70	71	-8.1	1.1
3. Transp.& Highways	185	185	190	0.0	2.6
4. Sanit.& Environ	427	431	413	1.0	-4.2
ALL CITIES with populations greater than 50,000(n=175)					
1. Public Safety	1251	1268	1296	1.4	2.2
2. Social Services	672	673	678	0.1	0.7
3. Transp.& Highways	261	262	263	0.2	0.3
4. Sanit.& Environ	555	563	557	1.4	-1.0

1983a = budgeted or anticipated amounts for Fiscal Year 1983

in private sector jobs have been augmented, rather than offset, by reductions in the public workforce. The fiscal condition of many cities is such that they are not capable of increasing their workforces to compensate for private sector layoffs but, in fact, are reducing their own staffs.

APPENDIX I

CITIES RESPONDING TO SURVEY

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION SIZE GROUP 10,000 THRU 49,999

ALABAMA
- ANNISTON
- OPELIKA

ARIZONA
- CASA GRANDE
- DOUGLAS
- FLAGSTAFF
- SIERRA VISTA

ARKANSAS
- WEST MEMPHIS

CALIFORNIA
- BEVERLY HILLS
- CARLSBAD
- COVINA
- GARDENA
- GLENDORA
- MANHATTAN BEACH
- PACIFICA
- PIEDMONT
- PITTSBURG
- REDDING
- RIALTO
- SAN CLEMENTE
- SEAL BEACH
- SOUTH SAN FRANCISCO
- YUBA CITY

COLORADO
- DURANGO
- ENGLEWOOD
- NORTHGLENN

CONNECTICUT
- EAST HAVEN
- GROTON
- MIDDLETOWN
- TORRINGTON

DELAWARE
- NEWARK

FLORIDA
- LAKELAND
- LEESBURG
- MELBOURNE
- NAPLES
- OCALA
- PLANTATION
- SARASOTA
- SOUTH MIAMI

GEORGIA
- TIFTON
- VALDOSTA

ILLINOIS
- BELLEVILLE
- BLOOMINGTON
- BUFFALO GROVE
- ELMWOOD PARK
- GRANITE CITY
- LAKE FOREST
- LOMBARD
- NAPERVILLE
- NORTH CHICAGO
- RIVERSIDE
- STREAMWOOD
- WHEATON
- WINNETKA

IOWA
- AMES
- BURLINGTON

KANSAS
- EMPORIA
- OLATHE
- SHAWNEE

KENTUCKY
- NEWPORT
- RICHMOND

MAINE
- AUBURN
- BANGOR

MARYLAND
- HYATTSVILLE
- ROCKVILLE

MASSACHUSETTS
- AMHERST
- ANDOVER
- CONCORD
- FOXBOROUGH
- LEXINGTON
- MARLBOROUGH

MICHIGAN
- ALBION
- BATTLE CREEK
- GROSSE POINTE PARK
- MONROE
- MUSKEGON
- NORTON SHORES
- PORT HURON
- TRENTON

MINNESOTA
- ALBERT LEA
- BROOKLYN PARK
- BURNSVILLE
- PLYMOUTH
- ST LOUIS PARK

MISSOURI
- CLAYTON
- CRESTWOOD
- WEBSTER GROVES

NEBRASKA
- BELLEVUE

NEVADA
- NORTH LAS VEGAS

NEW HAMPSHIRE
- MERRIMACK

NEW JERSEY
- EAST BRUNSWICK
- MT LAUREL
- NEW HANOVER
- PLAINFIELD
- RANDOLPH
- RIDGEWOOD

NEW MEXICO
- ALAMOGORDO

NEW YORK
- KINGSTON
- NEWBURGH
- POUGHKEEPSIE

NORTH CAROLINA
- ALBEMARLE
- ROCKY MOUNT
- WILSON

NORTH DAKOTA
- JAMESTOWN

OHIO
- BEDFORD
- CENTERVILLE
- DEFIANCE
- LIMA
- ROCKY RIVER

OKLAHOMA
- EDMOND
- EL RENO

OREGON
- BEAVERTON
- GRESHAM

PENNSYLVANIA
- CHELTENHAM
- EPHRATA

RHODE ISLAND
- COVENTRY

SOUTH CAROLINA
- ROCK HILL

SOUTH DAKOTA
- ABERDEEN

TENNESSEE
- GALLATIN
- GERMANTOWN
- OAK RIDGE

TEXAS
- ALVIN
- BELLAIRE
- BENBROOK
- BIG SPRING
- DEER PARK
- DENTON
- HURST
- LUFKIN
- SWEETWATER
- TEMPLE
- VERNON
- WHITE SETTLEMENT

UTAH
- BOUNTIFUL

VIRGINIA
- CHARLOTTESVILLE
- VIENNA

WASHINGTON
- ABERDEEN
- OLYMPIA

WEST VIRGINIA
- CLARKSBURG

WYOMING
- GREEN RIVER

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION SIZE GROUP 50,000 THRU 99,999

ALABAMA
- TUSCALOOSA

ARIZONA
- SCOTTSDALE

CALIFORNIA
- CHULA VISTA
- COMPTON
- DOWNEY
- FOUNTAIN VALLEY
- HAWTHORNE
- INGLEWOOD
- LA MESA
- LAKEWOOD
- OCEANSIDE
- ORANGE
- SALINAS
- SAN MATEO
- SANTA CLARA
- SANTA ROSA
- WEST COVINA
- WESTMINSTER

CONNECTICUT
- EAST HARTFORD
- NEW BRITAIN

DELAWARE
- WILMINGTON

FLORIDA
- TALLAHASSEE

ILLINOIS
- ARLINGTON HEIGHTS
- DES PLAINES
- EVANSTON
- SCHAUMBURG
- SKOKIE

INDIANA
- HAMMOND

IOWA
- DUBUQUE
- SIOUX CITY

KANSAS
- OVERLAND PARK

LOUISIANA
- LAFAYETTE
- MONROE

MASSACHUSETTS
- CAMBRIDGE
- PITTSFIELD
- WEYMOUTH

MICHIGAN
- EAST LANSING
- PONTIAC
- ROYAL OAK
- TROY

MINNESOTA
- ROCHESTER

MISSOURI
- COLUMBIA

MONTANA
- BILLINGS

NEW HAMPSHIRE
- NASHUA

NEW JERSEY
- HAMILTON
- TRENTON

NORTH CAROLINA
- FAYETTEVILLE

OHIO
- CANTON
- KETTERING
- PARMA

OKLAHOMA
- LAWTON

PENNSYLVANIA
- ABINGTON
- BETHLEHEM
- HAVERFORD
- LOWER MERION

SOUTH CAROLINA
- GREENVILLE

TEXAS
- ABILENE
- BROWNSVILLE
- ODESSA
- PORT ARTHUR
- SAN ANGELO

UTAH
- PROVO

WASHINGTON
- BELLEVUE
- EVERETT

WEST VIRGINIA
- CHARLESTON

WISCONSIN
- WAUWATOSA
- WEST ALLIS

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION SIZE GROUP 100,000 THRU 249,999

ALABAMA
- HUNTSVILLE
- MOBILE
- MONTGOMERY

ALASKA
- ANCHORAGE

ARIZONA
- MESA
- TEMPE

ARKANSAS
- LITTLE ROCK

CALIFORNIA
- CONCORD
- FREMONT
- GARDEN GROVE
- GLENDALE
- HUNTINGTON BEACH
- MODESTO
- OXNARD
- PASADENA
- SANTA ANA
- STOCKTON
- SUNNYVALE
- TORRANCE

COLORADO
- COLORADO SPRINGS
- LAKEWOOD
- PUEBLO

CONNECTICUT
- BRIDGEPORT

FLORIDA
- HOLLYWOOD
- ST PETERSBURG

GEORGIA
- COLUMBUS
- MACON
- SAVANNAH

IDAHO
- BOISE

ILLINOIS
- PEORIA

IOWA
- CEDAR RAPIDS
- DAVENPORT
- DES MOINES

LOUISIANA
- BATON ROUGE
- SHREVEPORT

MICHIGAN
- STERLING HEIGHTS

MISSISSIPPI
- JACKSON

MISSOURI
- INDEPENDENCE
- SPRINGFIELD

NEBRASKA
- LINCOLN

NEVADA
- LAS VEGAS
- RENO

NEW YORK
- ROCHESTER
- SYRACUSE

NORTH CAROLINA
- DURHAM
- GREENSBORO
- RALEIGH
- WINSTON-SALEM

OHIO
- AKRON
- DAYTON

PENNSYLVANIA
- ALLENTOWN

SOUTH CAROLINA
- COLUMBIA

TENNESSEE
- KNOXVILLE

TEXAS
- ARLINGTON
- CORPUS CHRISTI
- GARLAND
- IRVING
- LUBBOCK
- WACO

UTAH
- SALT LAKE CITY

VIRGINIA
- CHESAPEAKE
- HAMPTON
- NEWPORT NEWS
- PORTSMOUTH
- RICHMOND
- ROANOKE

WASHINGTON
- SPOKANE
- TACOMA

WISCONSIN
- MADISON

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION SIZE GROUP 250,000 & OVER

ALABAMA
- BIRMINGHAM

ARIZONA
- PHOENIX
- TUCSON

CALIFORNIA
- LONG BEACH
- OAKLAND
- SACRAMENTO
- SAN DIEGO
- SAN FRANCISCO
- SAN JOSE

COLORADO
- DENVER

FLORIDA
- JACKSONVILLE
- MIAMI
- TAMPA

GEORGIA
- ATLANTA

HAWAII
- HONOLULU

ILLINOIS
- CHICAGO

INDIANA
- INDIANAPOLIS

KANSAS
- WICHITA

KENTUCKY
- LOUISVILLE

LOUISIANA
- NEW ORLEANS

MARYLAND
- BALTIMORE

MICHIGAN
- DETROIT

MINNESOTA
- MINNEAPOLIS

MISSOURI
- KANSAS CITY
- ST LOUIS

NEW MEXICO
- ALBUQUERQUE

NEW YORK
- NEW YORK

NORTH CAROLINA
- CHARLOTTE

OHIO
- CLEVELAND
- COLUMBUS
- TOLEDO

OKLAHOMA
- OKLAHOMA CITY

OREGON
- PORTLAND

PENNSYLVANIA
- PITTSBURGH

TENNESSEE
- MEMPHIS
- NASHVILLE-DAVIDSON

TEXAS
- AUSTIN
- DALLAS
- FORT WORTH
- HOUSTON
- SAN ANTONIO

VIRGINIA
- NORFOLK
- VIRGINIA BEACH

WASHINGTON
- SEATTLE

WISCONSIN
- MILWAUKEE

APPENDIX II

GLOSSARY

Accounts Payable -- Liabilities on open account owed to private persons or businesses for goods and services received by a government unit (but not including amounts due other funds of the same government unit).

Assessed Value -- Amount of the tax base against which tax rate is applied.

Bond Funds -- Funds established to account for the proceeds of bond issues pending their disbursement.

Capital Expenditures (outlays) -- Direct expenditures for construction of buildings, roads and other improvements, and for purchases of equipment, land, and existing structures. Includes amounts for additions, replacement, and major alterations to fixed works and structures. However, expenditures for repairs of such works and structures are classified as current operating expenditures.

Capital Project Fund -- A fund created to account for acquisition of fixed assets by a governmental unit (excluding those financed by enterprise funds).

Carry Over Balances -- Fund balances from prior year available to support expenditures in current period.

Current Assets -- Those assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities.

Debt Service -- The amount of money necessary to pay the interest on the outstanding debt and the principal of maturing bonded debt (not payable from a Sinking Fund) or to provide a Sinking Fund for the redemption of bonds payable from this fund.

Enterprise Activities -- As defined here, these are government functions that are generally self-supporting through user charges (as opposed to general government revenues) and that are operated by the city, and accounted for in enterprise or special utility funds. Common city enterprise functions are water and sewer (when funded by user charges), electric, gas, airports, and local transit.

Enterprise Fund -- To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for

capital maintenance, public policy, management control, accountability, or other purposes.

General Fund -- The fund that is available for any legally authorized purpose and that is, therefore, used to account for all revenues and all activities not provided for in other funds. The General Fund is used to finance the ordinary operations of a governmental unit.

General Government Activities -- Basic services that are primarily financed by general revenues, e.g., police and fire, health and hospitals, sewerage, sanitation, education, streets, parks and recreation, courts, and general administration.

General Obligation Debt -- Debt for whose payment the full faith and credit of the issuing body is pledged. General obligation debts are considered to be those payable from taxes and other general revenues.

Internal Service Funds -- To account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

Limited Liability Debt -- Debt, the principal of and interest on which are to be paid solely from a specific source (such as the sevice enterprise). Such debt does not represent an obligation against a city's general revenue.

Long-Term Debt -- Debt payable more than one year after date of issue.

Market Value (true value, fair value) -- Price property would receive at an assumed "arms length" sale.

Operating Expenditures -- Expenditures for compensation, supplies, materials, and contract services that are used in current operations. Not included in this is the expenditure for capital or fixed assets.

Operating Revenues -- Revenues derived from the current operation of a government, i.e., property taxes, personal property taxes, user charges and all licenses and fees. In the case of enterprise activities, operating revenues would include revenue from the sale of goods and services.

Original Budget -- The amount budgeted at the beginning of the fiscal year and prior to any amendments that have occurred during that year.

Permanent Employee -- Those employees who are employed by the municipality on a continuous full-time basis, not those funded by CETA, nor those who are considered part-time or seasonal employees.

Personal Property -- Non-fixed items that can be moved without damage.

Real Property -- Land as well as buildings and/or the improvements erected and/or affixed to the land.

Sanitation (other than sewage) -- Street cleaning, and collection and disposal of garbage and other waste.

Short-Term Debt Outstanding -- Interest-bearing debt payable within one year from date of issue, such as bond anticipation notes, revenue anticipation notes, and tax anticipation notes and warrants. Includes obligations having no fixed maturity date if payable from a tax levied for collection in the year in their issuance.

Sinking Fund -- A fund established for periodical contribution (and earnings thereon) to provide for the retirement of outstanding debt specified to be retired from such funds.

Transfers (interfund transfers) -- Amounts transferred from one fund to another.

APPENDIX III

COMPARATIVE STATISTICS
FOR RESPONDENT CITIES
CALCULATED BY MEAN, CUMULATIVE AVERAGE,
AND MEDIAN PER CAPITA DOLLARS--1981

	Mean	Cumulative Average	Median
Total Current Revenues:	$368	$670	$300
Property tax	313	166	76
Other local taxes	71	180	75
User charges	21	37	14
Fees & misc.	52	67	47
State aid	38	115	28
Federal aid	16	95	20
Carry-over Balance (BOY)	$ 36	$ 30	$ 18
General Current Expenditures 1/	$354	$654	$293
General Capital Outlay	$ 52	$ 79	$ 37
Enterprise Activities:			
Operating Revenues	179	157	87
Operating Expenditures 2/	162	152	82
Net Operating Income	16	6	5
Capital Outlays	67	54	19
General Debt (BOY)			
General Obligation	$186	$468	$143
Limited Obligation	31	27	0
Enterprise Debt (BOY)			
General Obligation	104	100	8
Limited Obligation	167	164	43

1/ Includes general operating expenditures and debt service.
2/ Includes interest cost.

Note: The mean represents the arithmetic average of per capita amounts for respondent cities. The Cumulative (or Weighted) Average is the dollar aggregate total of a financial item divided by the aggregate population of all responding units. The Median is the value of an item at the mid-point of the respondents below and above which half the reported values fall.

COMPARATIVE STATISTICS
FOR RESPONDENT CITIES
CALCULATED BY MEAN, CUMULATIVE AVERAGE,
AND MEDIAN PER CAPITA DOLLARS--1983 ANTICIPATED

	Mean	Cumulative Average	Median
Total Current Revenues:	$405	$739	$325
Property tax	132	189	98
Other local taxes	104	223	97
User charges	26	42	15
Fees & misc.	61	75	44
State aid	55	128	20
Federal aid	26	82	16
Carry-over Balance (BOY)	$ 33	$ 27	$ 17
General Current Expenditures1/	$416	$749	$312
General Capital Outlay	$ 77	$110	$47
Enterprise Activities:			
Operating Revenues	231	197	106
Operating Expenditures 2/	215	196	96
Net Operating Revenues	16	1	10
Capital Outlays	61	58	16
General Debt (BOY)			
General Obligation	$200	$512	$143
Limited Obligation	36	33	0
Enterprise Debt (BOY)			
General Obligation	119	110	13
Limited Obligation	190	196	50

1/ Includes general operating expenditures and debt service.
2/ Includes interest cost.

COMPARATIVE STATISTICS
FOR RESPONDENT CITIES
CALCULATED BY MEAN, CUMULATIVE AVERAGE,
AND MEDIAN PER CAPITA DOLLARS--1982

	Mean	Cumulative Average	Median
Total Current Revenues:	$391	$712	$316
Property tax	126	181	83
Other local taxes	96	208	83
User charges	25	40	15
Fees & misc.	63	74	47
State aid	51	119	23
Federal aid	27	90	17
Carry-over Balance (BOY)	$ 38	$ 32	$ 19
General Current Expenditures1	$383	$704	$290
General Capital Outlay	$ 55	$ 89	$ 40
Enterprise Activities:			
Operating Revenues	203	185	93
Operating Expenditures 2/	187	175	87
Net Operating Revenues	16	10	6
Capital Outlays	63	53	15
General Debt (BOY)			
General Obligation	$188	$478	$138
Limited Obligation	33	31	0
Enterprise Debt (BOY)			
General Obligation	109	105	14
Limited Obligation	178	174	50

1/ Includes general operating expenditures and debt service.
2/ Includes interest cost.

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